



MINNESOTA COUNCIL
ON FOUNDATIONS

2011 OUTLOOK REPORT



"Our company's performance remains mostly flat; therefore our philanthropic resources remain flat. We are focused on optimizing the resources available toward the most strategic partners and initiatives."

— Large Corporate Grantmaker

Photo on opposite page courtesy of Blue Cross and Blue Shield of Minnesota Foundation (Scott Streble, photographer).

To assess the outlook for grantmaking in Minnesota in 2011, the Minnesota Council on Foundations (MCF) conducted its 2011 Outlook Report survey in October and November of 2010. The survey asked grantmakers to predict how their 2011 giving will compare to 2010. A total of 118 organizations responded, representing about 65 percent of annual grantmaking in the state.

Grantmaking Flat to Up Slightly in 2011

As the state's economy slowly recovers, charitable giving by foundations and corporate giving programs appears to be stabilizing. Based on survey responses, Minnesota grantmaking is estimated to be flat or increase only slightly in 2011

Figure A: Anticipated Grantmaking Changes in 2011 vs. 2010

- a: 51% Expect to Stay About the Same
- b: 35% Expect to Increase
- c: 10% Expect to Decrease
- d: 4% Other

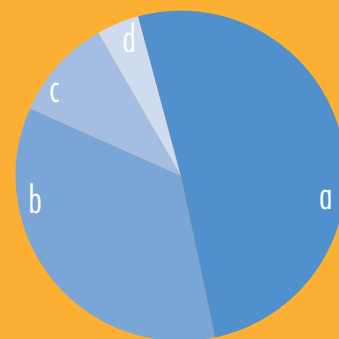
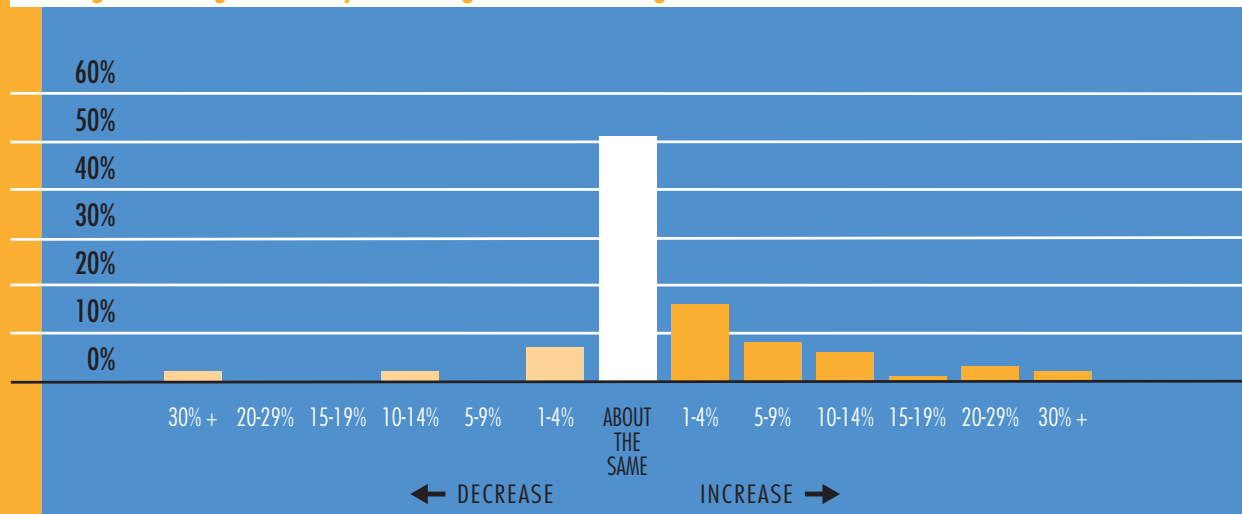


Figure B: Ranges of Anticipated Changes in Grantmaking in 2011 vs. 2010



compared to 2010. This follows an estimated drop in grantmaking of about 1 percent in 2010 compared to 2009, as reported in MCF's *2010 Outlook Report*.

The overall giving picture appears brighter in the coming year. Just over half of grantmakers responding to the survey predict that their grantmaking will stay about the same in 2011 (see Figure A). Thirty-five percent of grantmakers expect to give more in 2011, and 10 percent expect to lower their giving. These figures do indicate rising optimism when compared to last year's research, when only 25 percent of grantmakers expected to increase giving and 30 percent expected a decrease in 2010.

Expected increases in giving in 2011 span a wide range (see Figure B).

Twenty-four percent of the grantmakers surveyed expect to increase their giving by 1 to 9 percent. Just 11 percent of respondents expect to boost giving 10 percent or more.

Seven percent of respondents expect to decrease giving in 2011 by less than 4 percent. While just 2 percent expect drops of 30 percent or more, respondents in this group include at least one large foundation that had substantially increased giving in 2009 and 2010 in response to the economic downturn and is now returning to earlier grantmaking levels.



Minnesota Giving OUTLOOK

"I expect the economy to continue recovery at a modest pace, which should help increase our portfolio value and thereby facilitate greater support to nonprofits."

— Small Private Grantmaker

Steady Giving by Largest Grantmakers

Giving by the largest grantmakers — the 21 respondents granting more than \$10 million annually — is also estimated to remain relatively flat in 2011 (see Figure E). In an initial review of survey responses from all large grantmakers, the outlook would appear slightly less positive than that for the entire sample (See Figure C). But this variance is primarily attributable to a giving shift by one large grantmaker that anticipates a decrease of 30 percent or more in 2011, after having boosted giving to an unusually high level during 2009 and 2010 to respond to the economic downturn. When this grantmaker is excluded, the 2011 giving of Minnesota's largest grantmakers is in line with the complete sample.

Figure C: Anticipated Grantmaking Changes in 2011 vs. 2010 by Grantmaker Size

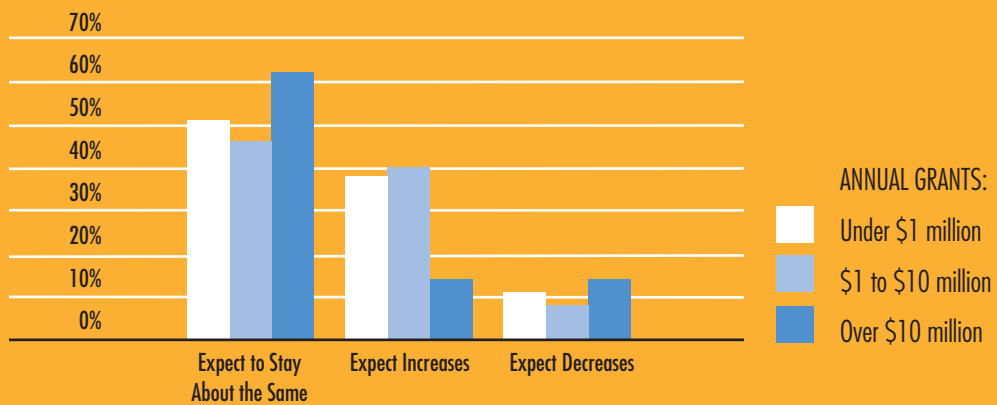
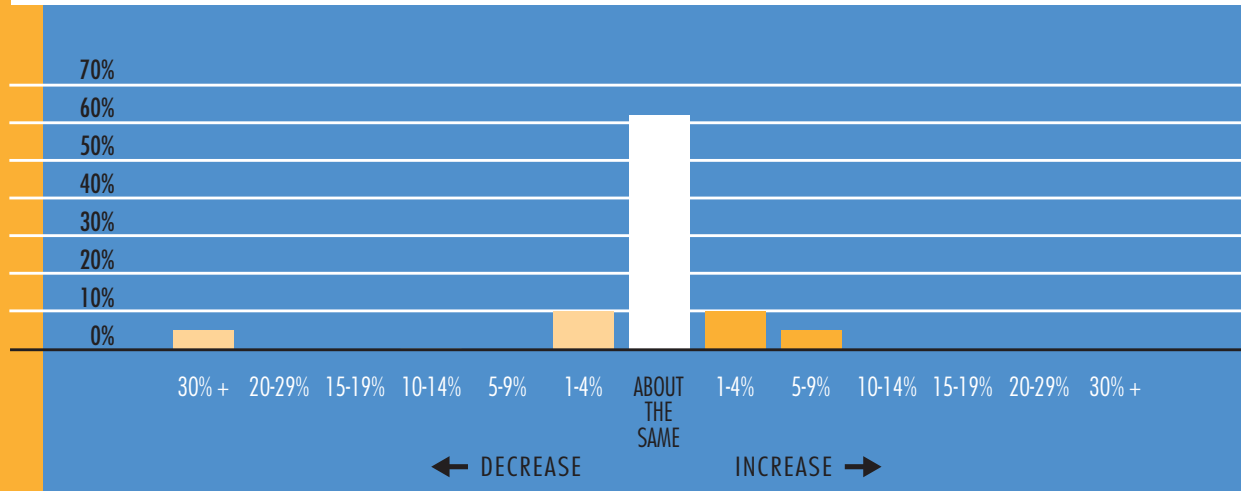


Figure E: Ranges of Anticipated Changes in Grantmaking by the Largest Grantmakers in 2011 vs. 2010*



Nearly two-thirds of large grantmakers expect their giving to remain the same in 2011. The remaining one-third is divided evenly between anticipated increases and decreases (see Figure E).

Among all sizes of grantmakers, small and mid-size organizations (those granting less than \$10 million annually) are more likely than large grantmakers to expect their giving to increase in 2011 (see Figure C).

Community and Public Foundations Most Optimistic

Community and public foundations are more likely to expect increases in 2011

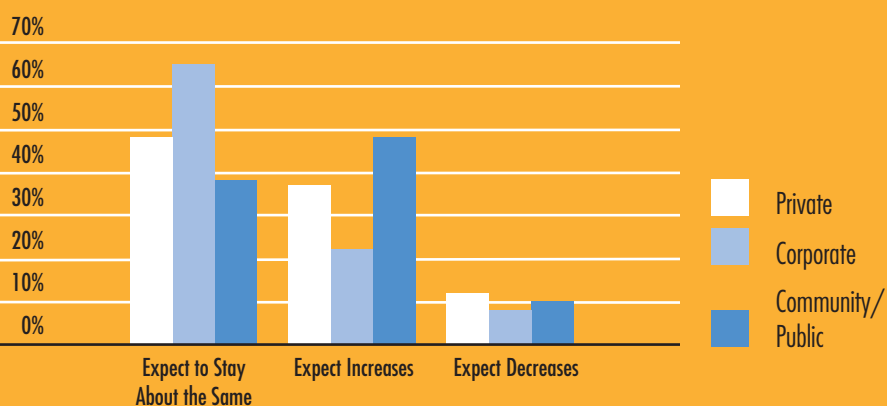
grantmaking than are their corporate or private counterparts (see Figure D).

Corporate foundations and giving programs are most likely to expect their 2011 giving to be comparable to 2010.

Across all grantmaker types, about 10 percent of survey respondents said they expect their giving to decline, mirroring the trend in the sample overall.

As expected, most private grantmakers attribute anticipated changes in grantmaking levels to changes in asset values. Corporate grantmakers cite changes in assets and company profits. Community and public foundations report changes in asset values, changes in levels of gifts received and other reasons, such as revised spending policies.

Figure D: Anticipated Grantmaking Changes in 2011 vs. 2010 by Grantmaker Type



Details from GRANTMAKERS

Optimistic About Assets

Grantmakers are hopeful that assets will rise in 2011. Among the 83 percent of grantmakers who reported having assets in this year's survey, 58 percent expect their assets to increase in 2011 compared to 2010 (see Figure F). This percentage is nearly identical to what grantmakers predicted last year in the *2010 Outlook Report*.

Thirty-one percent expect their assets to stay about the same, and only 3 percent anticipate a decrease. Most grantmakers who expect higher assets in 2011 predict increases to be 4 percent or less (see Figure G).

Number, Size of Grants Mixed

Thirty-eight percent of the survey respondents said they will not adjust

the number of grants they give in 2011. Fourteen percent said they will increase the number given, 13 percent said they will give fewer grants, and 31 percent were uncertain about their plans for the coming year.

Slightly more than half of the grantmakers anticipate giving grants of the same size as last year, and 25 percent say they cannot yet predict grant sizes for 2011. Thirteen percent

"We'll continue the cost-saving measures we implemented a couple years ago to reduce our operating expenses."

— Mid-Sized Community Foundation

Figure F: Anticipated Changes in Grantmaker Assets in 2011 vs. 2010

- a: 58% Expect to Increase
- b: 31% Expect to Stay About the Same
- c: 3% Expect to Decrease
- d: 8% Other

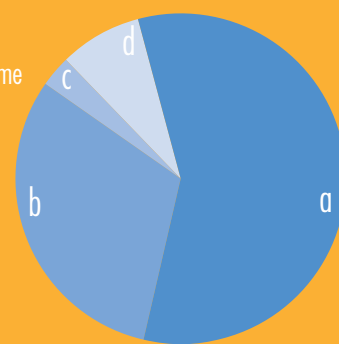
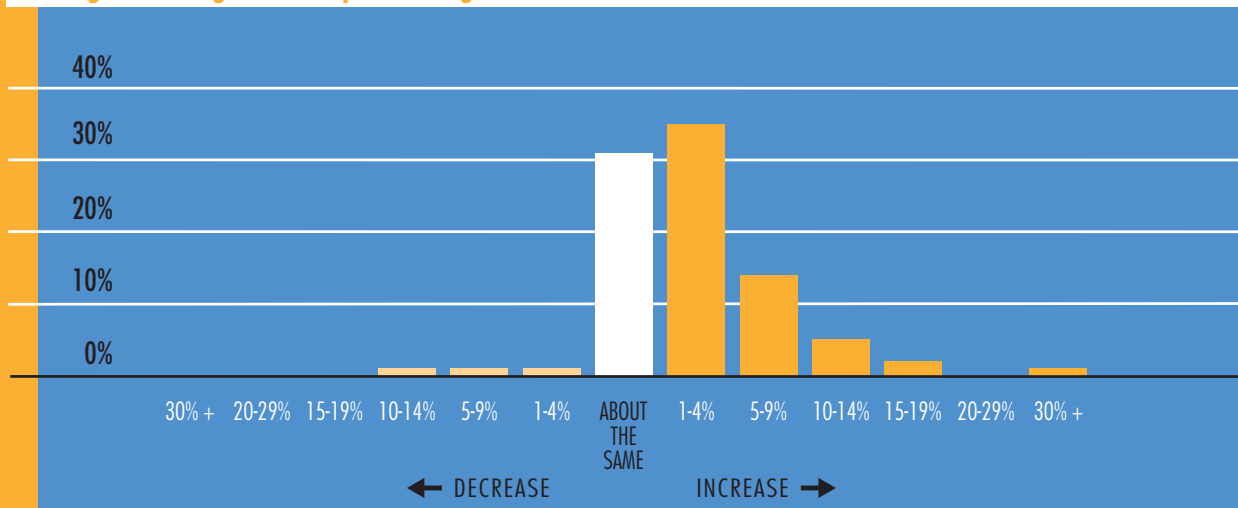


Figure G: Ranges of Anticipated Changes in Grantmaker Assets in 2011 vs. 2010



say they will increase grant sizes, while just 3 percent will decrease the sizes.

Giving Priorities, New Strategies and Community Needs

A majority (61 percent) of grantmakers expect to continue with their current grantmaking priorities

and programs in 2011. Just 11 percent anticipate making any short-term changes in priorities or programs in response to the economic climate. Slightly more (16 percent) expect to make long-term changes for other strategic reasons.

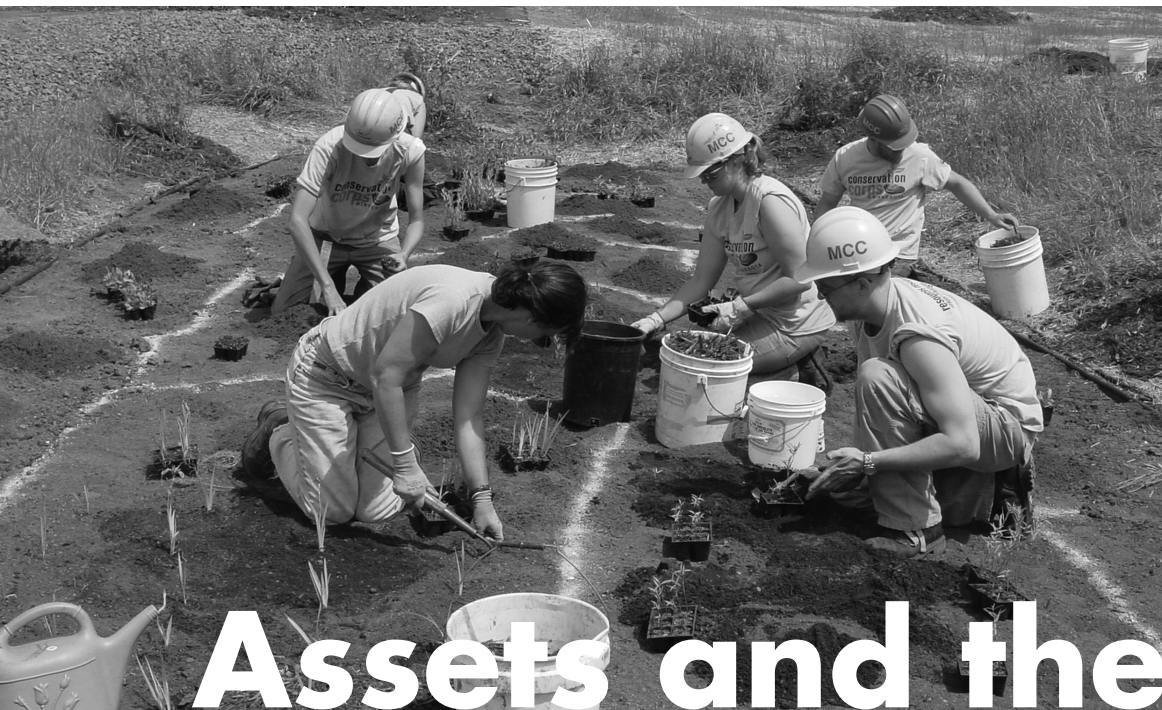
In open-ended responses to a survey question about grantmaking or operational changes related to the state's economic situation, some

respondents cited their goals to focus more on food, housing and other basic needs. Others indicated plans to increase advocacy and policy initiatives. Grantmakers also cited technical assistance and capacity building as ways to achieve more impact.

When asked about other philanthropic strategies they will employ to meet their missions,

grantmakers gave multiple responses. Sixty-eight percent of respondents to this question cited nonmonetary support to nonprofits, such as technical and capacity-building assistance, volunteers, in-kind products or services, and more. Just over one-third stated that they plan to make program-related investments (PRIs) and 16 percent plan on mission-related investments (MRIs). Almost one-third also reported pursuing public policy and advocacy activities.

In final survey comments, some grantmakers expressed their overriding concern for the nonprofit sector and the future well-being of Minnesotans. Wrote one foundation representative: "I'm worried about state government cuts to the most vulnerable." Another opined: "I anticipate that 2011 will be the toughest year so far for our nonprofits. Those who survive should face a much easier time in 2012." One grantmaker commented on the slowness of the recovery: "It will take a few years before our foundation feels the economic environment will be better." Another concluded: "We are forecasting very conservatively in terms of giving budget. If we have better performance in the markets and our portfolio, we will respond with more grantmaking."



Assets and the FUTURE

About This Report

The *2011 Outlook Report* summarizes grantmaker survey responses provided to MCF in October and November 2010. While this provides an indication of the overall sentiment about the outlook for grantmaking in 2011, changing economic indicators and other unanticipated factors may affect grantmaking in the coming year.

Survey responses came from a wide range of sizes and types of grantmakers, including 52 private foundations, 37 corporate foundations and giving programs, and 29 community and public foundations. Eight of the 10 largest grantmakers in the state (as reported in MCF's 2009 Annual Minnesota Grantmaker Rankings) are represented in the sample. Eighty-six percent of grantmakers responding to the *2011 Outlook Report* survey also participated in the 2010 research.

Of the 118 foundations and corporate grantmakers who completed the survey, most are MCF members, but respondents also included several other organizations that are among Minnesota's top 100 grantmakers (by grants paid annually). Respondents represent 8 percent of all Minnesota grantmakers, 65 percent (\$927 million) of all Minnesota grantmaking, and 55 percent (\$9.6 billion) of Minnesota foundation assets.

The majority of respondents (82 percent) granted \$10 million or less in 2010. The 18 percent who reported they granted \$10 million or more in 2010 represent approximately 80 percent of the grant dollars reported on here.

Eighty-three percent of respondents reported they have assets. Of those, 30 percent reported assets of \$10 million or less, 37 percent have assets in the range of \$10 million to \$50 million, and 33 percent have assets over \$50 million.



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